

Film Industry Tax Incentives



Executive Summary

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Over the past decade California has experienced an increase in the number of film and television productions produced elsewhere, a process called runaway production. The economic impact of this has been staggering for the state, and other states and countries are scrambling to attract the productions to their locations. Canada is the leader in capturing runaways, but other states have benefited as well. Key issues in attracting productions are a good infrastructure and good economic incentives. This report examines different economic incentives and compares Missouri's incentives to them. Missouri has some of the better incentives offered by states, but still lags in attracting production due to a lack of infrastructure.

POLICY RESEARCH REPORT

Film Industry Tax Incentives

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I. Overview

In recent years, production companies have sought new and different locations outside of California to shoot their films, videos, commercials, and television shows. This has led to a struggle between states and other countries to attract these productions. States have formed film offices to centralize their efforts of attraction and have passed laws creating incentives to lure production companies. As a result, the number of productions created outside of California has increased dramatically in the last decade.

Between 1990 and 1998, California's loss of productions to other locales, a process called "runaway production," increased 185%, with an estimated loss of \$10.3 billion (Monitor Company). In 1998, an estimated 28% of all films were shot outside of California. This does not take into account the loss of television productions. With the increase in television programs, necessitated by the increase in television channels, a higher demand for TV show production locations has been created. This report examines the impact of California's productions and the increased economic activity for those locations that were able to lure them and it explores the different economic incentives offered for film production.

II. Runaway Film Production

An area of great concern for the United States film industry is runaway productions. Runaway productions are defined as productions that "are developed and are intended for initial release/exhibition or television broadcast in the U.S., but are actually filmed in another country. There are two types of runaway productions- 'creative runaways,' which depart because the story takes place in a setting that cannot be duplicated or for other creative considerations, and 'economic' runaways which depart to achieve lower production costs" (Monitor Company 1999).

Runaway films have a great economic impact on the US film industry. Industry analysts disagree on the exact amount of revenue lost from fleeing films, but estimates range from \$600 million to \$3 billion in 1998 (Cummings 1999). Runaway productions have steadily increased over the last decade. From 1990 to 1998 there was a 185% increase in runaway productions. In 1998, 285 of the 1,075 U.S. productions (27%) were produced outside the country (ibid.). The majority of these were television productions (films for TV, TV series, films for TV and mini-series). Most common among these were television movies, with

45%, or 139 of them, being produced outside the U.S., up to 139 from only 30 in 1990.

The majority of runaway productions go to Canada (81%), Australia and the United Kingdom. Since 1990, the number of productions made in Canada has increased 268% (Monitor Company 1999). As the number of productions continues to grow in other countries, so do the skill levels of film workers. This further increases the countries' desirability with the production companies.

The economic impact of runaway productions is staggering. One estimate is that in 1998 this phenomenon led to the loss of 20,000 full time jobs and a loss of \$10.3 billion to the economy. This include \$2.8 in lost production, \$5.6 in multiplier effects, and \$1.9 in lost taxes. This was 15% of the total US impact of \$74.3 billion. It is estimated that the loss could grow to \$13-15 billion by 2001 (Monitor Company 1999).

Why do the number of runaway productions continue to increase? The answer lies in money. Filmmakers can save up to 25% of their production costs by filming elsewhere. Canada and Australia offer excellent labor incentives labor incentives. Filming in some Canadian provinces can earn the production company up to 46% in tax credits for labor expense. In Australia it can be as high as 10%. In addition, the lower value of the Canadian, Australian, and UK currencies against the US dollar is enticing, allowing production companies to further their dollar.

In addition, solid infrastructures, and diverse scenery are desirable to film and television producers. Canada continues to invest in this industry making it more appealing. British Columbia and Ontario combined have over one million square feet of sound stage space, as much as New York and North Carolina combined. Also, the Canadian film commission aggressively promotes their locations to the US industry.

The average cost of a making a film is \$53 million (VFO 1998). The economic impact on economy is even greater. A conservative estimate for the economic impact of the 1998 filming of Ride with the Devil in Missouri was \$44.1 million, and it created an estimated 800 temporary jobs (Research and Planning 1999).

III. Incentives

A. Canada

In recent years Canada has become important in the film industry. In the mid 1990's Canada actively began passing tax credits for various aspects of the film industry (See Appendix A), and this enticed productions to film there as opposed to elsewhere in the United States. The incentives are very successful at luring

companies. Some estimate that producers can receive a 22% or higher rebate on Canadian production workers (Brock 1998). Canada's film production has greatly increased and it is now worth \$2 billion annually and employs 100,000 people (CBC News 2000). Toronto alone claims that it will reach \$417 million in production revenue (VFO 1998).

Industry officials disagree over the amount of runaway films made in Canada. The U.S. Directors Guild and the American Screen Actors Guild claim that almost \$3 billion in film and TV production was attracted to Canada in 1998, while the Directors Guild of Canada claim it was only \$600 million. Regardless of the numbers, it is clear that there has been a steady increase in past years.

Canada is an attractive production site for more reasons than its tax incentives. The lower value of the Canadian dollar against the U.S. dollar is enticing. In addition, Canada offers a solid infrastructure, a skilled labor force, and diverse scenery desirable to film and television producers. Canada also continues to invest in this industry to make the country more appealing.

Canada strategically planned their invasion into the U.S. film industry. Australia is following suit. Canada offered tax incentives to production companies, and often those incentives carried provisions that local personnel must be hired. This trained local people and gave them experience, therefore making Canada more attractive to production companies. Canada also invested in physical infrastructure, thereby accommodating even more productions. This approach has been very successful (Monitor Company 1999).

A. States

In the mid 1990's states enacted tax incentives in an effort to attract production companies. Most common were those exempting production companies from sales taxes and lodging taxes. While this enticed some productions, the states have been nowhere near as successful as Canada.

In order to decrease runaway production, the US needs to be more creative and enticing with its incentives than Canada and Australia. While almost every state has a film office, very few have attractive incentives that might make filmmakers consider shooting there. Action needs to be taken with new laws and incentives to recapture lost productions.

Three states, Massachusetts, Rhode Island, and Wisconsin offer no incentives for filming. The majority of the states offer a minimum of either a form of sales tax exemptions or hotel occupancy tax exemption after a determined stay. Few offer both. Items included in the sales and use tax exemption varies from state to state, but they commonly include exemptions from the lease, rental or purchase of

production equipment, and post-production services. Below is a list of the states that offer the most common types of incentives.

**Sales Use Tax
Exemptions**

Alabama
Alaska
Arizona*
Arkansas
Colorado
Connecticut
Delaware
Florida
Illinois
Kentucky
Louisiana*
Montana
New Hampshire
New Mexico
New York
Oklahoma
Oregon
Pennsylvania
South Carolina
Tennessee*
Texas
Vermont
Washington

**Hotel Occupancy Tax
Exemption**

Alabama (after 60 days)
Arizona (30)
Illinois (30)
Iowa (30)
Alabama (60)
Maine (27)
Montana (30)
New Mexico (30)
New York (varies)
Utah (30)
Washington (30)
Wyoming (30)

*Arizona allows a 50% exemption if \$1 million is spent, or \$250,000 for commercials.

*Arkansas requires spending \$500,000 within 6 months or \$1 million within 12.

*Louisiana requires spending more than \$1 million in 12 months.

*Tennessee requires spending \$500,000 in 12 months.

As the leader in film production, California has numerous incentives. This was not always the case though. In the early 1990's California began losing business to other states that were offering incentives. By the mid 1990's, laws were enacted granting California some of the better incentives to be found in the US.

California offers an exemption on sales tax for production and postproduction service. This includes writing, acting, directing, casting and storyboarding. It also exempts sales taxes on 45% of the rental charges for sets, including labor for designing them and construction. There is no tax on the rental of personal property. And while the state does not impose a hotel/motel tax, many counties and cities do, with an exemption after 30 days.

North Carolina is another state with aggressive incentives to attract film production. While it does not offer a complete sales and use tax exemption, it does offer a reduced level of 1% for the sales and rentals to motion picture production companies of cameras, film, construction material, and chemicals and equipment to develop film. It also offers a full exemption for the purchase of film and the chemicals used to develop it when it is a component part of release prints sold or leased. There is no sales tax on audiovisual master tapes used in productions.

As of April 2000, the North Carolina legislature is taking action in an effort to curb runaway production and attract these films themselves. They are introducing a bill that would return to producers 15% of the wages they paid out to local crews, with an annual cap of \$200,000 per production.

Missouri is also a leader in offering excellent incentives to the film industry. The Department of Economic Development can offer a production company state income tax credits for 25% of the company's expenditures in Missouri necessary for the making of the film. It can not exceed \$250,000 in tax credits per project. The entire program is capped at \$1 million per year. The reservation of credits must be done before Missouri has been chosen as the location.

IV. Film Production Resources

Though Missouri offers excellent incentives for film production, more than that is necessary for luring productions to the state. A solid infrastructure is needed, including the resources and personnel necessary to make films. While California leads the states with the number of workers in film related industries it is interesting to note where other states fall in regards to the personnel numbers and payrolls. Below are rankings from the U.S. Census Bureau's County Business Patterns. Included are the number of establishments, employees, and payroll amount for each state.

Missouri rankings for film production and other allied services is about average. In the category of motion picture and video production, Missouri ranks 23rd in number of employees and 21st in total establishments. Similarly, it ranks 21st and 22nd respectively for the number of employees and total establishments for

services allied to the motion picture production. Its best ranking is 5th for the number of employees in the motion picture and videotape production services, but holds the ranking of 22nd for total number of establishments. It ranks 14th and 15th respectively in the number of employees and total establishments in theatrical productions. It holds rankings of 13th and 17th for total establishments and number of employees in services allied to motion picture distribution.

Below is a list of the SIC codes and their definitions the U.S. Census Bureau uses.

7812 Motion Picture and Video Tape Production – Establishments primarily engaged in the production of theatrical and nontheatrical motion pictures and video tapes for exhibition or sale, including educational, industrial, and religious films. Included in the industry are establishments engaged in both production and distribution.

7919 Services Allied to Motion Picture Production - Establishments primarily engaged in performing services independent of motion picture production, but allied thereto, such as motion picture film processing, editing, and titling; casting bureaus; wardrobe and studio property rental; television tape services; motion picture and video tape reproduction; and stock footage film libraries.

7822 Motion Picture Distribution and Allied Services – Establishments primarily engaged in the distribution (rental and sale) of theatrical and nontheatrical motion picture films or in the distribution of videotapes and disks, except to the general public.

7829 Services Allied to Motion Picture Distribution – Establishments primarily engaged in performing auxiliary services to motion picture distribution, such as film delivery service, film purchasing and booking agencies and film libraries.

7922 Theatrical Producers (Except Motion Pictures) and Miscellaneous Theater Services – Establishments primarily engaged in providing live theatrical presentations, such as road companies and summer theaters. This industry also includes services allied with theatrical presentations, such as casting agencies, booking agencies for plays, artists, and concerts; scenery, lighting, and other equipment services; and theatrical ticket agencies. Also included in the industry are producers of live and taped radio programs and commercials and producers of live television programs.

Motion Picture and Video Production (SIC 7812)						
State Totals 1997						
State	Number of Employees	Rank	Payroll (\$1,000)	Rank	Total Estabs	Rank
Alabama	153	33	4,041	32	35	30
Alaska	99	37	0	36	12	46
Arizona	367	25	13,555	23	96	20
Arkansas	120	36	3,434	34	25	35
California	31,791	1	2,810,754	1	3,379	1
Colorado	534	20	18,952	22	162	11
Connecticut	320	26	22,305	18	111	18
Delaware	99	38	0	37	20	40
District of Columbia	545	17	31,807	12	77	23
Florida	2,226	5	115,464	3	409	3
Georgia	692	14	30,842	13	170	10
Hawaii	202	30	7,443	28	48	27
Idaho	99	39	0	38	8	50
Illinois	2,056	7	101,055	4	352	4
Indiana	274	27	8,837	27	65	26
Iowa	127	35	5	31	23	36
Kansas	99	40	0	39	26	34
Kentucky	99	41	0	40	23	37
Louisiana	159	32	5,286	30	43	29
Maine	61	49	1,879	35	20	41
Maryland	535	19	20,090	20	151	12
Massachusetts	957	10	36,267	9	179	7
Michigan	714	13	26,686	15	176	8
Minnesota	587	16	23,446	17	127	16
Mississippi	99	42	0	41	9	48
Missouri	432	23	13,218	24	84	21
Montana	99	43	0	42	13	43
Nebraska	99	44	0	43	13	44
Nevada	163	31	7,303	29	45	28
New Hampshire	249	28	0	44	22	38
New Jersey	2,132	6	83,509	6	218	6
New Mexico	132	34	3,663	33	32	31
New York	7,109	2	428,171	2	1,242	2
North Carolina	534	21	20,868	19	116	17
North Dakota	19	50	0	45	4	51
Ohio	2,589	3	75,943	7	129	15
Oklahoma	538	18	29,897	14	31	32
Oregon	590	15	19,381	21	77	24
Pennsylvania	1,732	8	51,109	8	171	9
Rhode Island	99	45	0	46	13	45
South Carolina	249	29	0	47	31	33
South Dakota	99	46	0	48	11	47
Tennessee	887	11	33,328	11	111	19
Texas	2,367	4	93,396	5	316	5
Utah	481	22	11,156	26	71	25
Vermont	99	47	0	49	22	39
Virginia	1,327	9	36,110	10	149	13
Washington	774	12	26,647	16	144	14
West Virginia	99	48	0	50	15	42
Wisconsin	425	24	11,409	25	81	22
Wyoming	19	51	0	51	9	49

Source: United States Census Bureau, County Business Patterns, April 2000.

Services Allied to Motion Picture Production (SIC 7819)						
State Totals 1997						
State	Number of Employees	Rank	Payroll (\$1,000)	Rank	Total Estabs	Rank
Alabama	135	39	3,879	33	27	31
Alaska	29	49	673	37	7	48
Arizona	599	20	19,475	16	62	19
Arkansas	740	14	14,862	20	19	37
California	125,935	1	3,762,271	1	2,717	1
Colorado	710	15	22,842	15	83	14
Connecticut	277	30	11,221	24	62	20
Delaware	99	40	0	39	18	38
Distirct of Columbia	397	28	16,165	18	35	27
Florida	2,579	6	67,456	5	293	3
Georgia	1,396	9	54,112	7	118	8
Hawaii	306	29	4,513	31	22	35
Idaho	34	48	621	38	8	46
Illinois	5,339	3	158,769	3	223	4
Indiana	441	25	11,662	23	49	24
Iowa	66	46	2,677	35	23	34
Kansas	249	32	0	40	24	33
Kentucky	202	36	4,606	30	29	30
Louisiana	499	22	0	41	36	26
Maine	37	47	966	36	9	43
Maryland	458	24	13,910	21	77	16
Massachusetts	643	19	24,309	14	89	13
Michigan	3,016	4	92,190	4	112	10
Minnesota	1,146	10	30,369	11	113	9
Mississippi	99	41	0	42	10	42
Missouri	584	21	15,427	19	56	22
Montana	99	42	0	43	9	44
Nebraska	159	38	3,050	34	21	36
Nevada	258	31	9,419	28	34	28
New Hampshire	2,499	7	0	44	18	39
New Jersey	1,145	11	33,154	10	146	6
New Mexico	249	33	0	45	17	40
New York	15,694	2	481,353	2	796	2
North Carolina	403	26	9,480	27	77	17
North Dakota	99	43	0	46	6	50
Ohio	912	13	25,782	13	98	12
Oklahoma	162	37	4,221	32	26	32
Oregon	214	35	5,765	29	52	23
Pennsylvania	1,417	8	44,263	8	120	7
Rhode Island	99	44	0	47	9	45
South Carolina	401	27	11,003	25	31	29
South Dakota	19	50	0	48	8	47
Tennessee	709	16	19,171	17	66	18
Texas	2,934	5	61,977	6	189	5
Utah	706	17	10,144	26	39	25
Vermont	249	34	0	49	11	41
Virginia	1,023	12	36,852	9	99	11
Washington	656	18	27,809	12	83	15
West Virginia	99	45	0	50	7	49
Wisconsin	477	23	13,091	22	57	21
Wyoming	19	51	0	51	3	51

Source: United States Census Bureau, County Business Patterns, April 2000.

Motion Picture and Videotape Distribution (SIC 7822)						
State Totals 1997						
State	Number of Employees	Rank	Payroll (\$1,000)	Rank	Total Estabs	Rank
Alabama	99	26	0	13	2	42
Alaska	19	40	0	14	4	35
Arizona	249	16	0	15	12	24
Arkansas	19	41	0	16	3	37
California	32,542	1	1,146,263	1	537	1
Colorado	366	14	10,602	6	25	10
Connecticut	99	27	0	17	15	19
Delaware	19	42	0	18	1	46
District of Columbia	249	17	0	19	6	30
Florida	499	7	0	20	61	3
Georgia	499	8	0	21	25	11
Hawaii	19	43	0	22	3	38
Idaho	19	44	0	23	2	43
Illinois	1,063	3	32,499	3	55	5
Indiana	249	18	0	24	14	20
Iowa	290	15	7,870	7	9	26
Kansas	99	28	0	25	6	31
Kentucky	99	29	0	26	7	28
Louisiana	99	30	0	27	5	33
Maine	19	45	0	28	3	39
Maryland	499	9	0	29	26	9
Massachusetts	249	19	0	30	21	15
Michigan	113	24	6,727	8	14	21
Minnesota	499	10	0	31	24	12
Missouri	999	5	0	32	22	13
Montana	19	46	0	33	1	47
Nebraska	99	31	0	34	7	29
Nevada	99	32	0	35	8	27
New Hampshire	19	47	0	36	5	34
New Jersey	1,013	4	26,489	5	35	6
New Mexico	99	33	0	37	4	36
New York	2,685	2	203,080	2	217	2
North Carolina	89	38	4,470	10	16	18
North Dakota	0	49	0	38	0	49
Ohio	249	20	0	39	14	22
Oklahoma	35	39	632	12	6	32
Oregon	101	25	4,688	9	20	16
Pennsylvania	499	11	0	40	30	7
Rhode Island	99	34	0	41	3	40
South Carolina	99	35	0	42	3	41
Tennessee	499	12	0	43	19	17
Texas	964	6	27,224	4	57	4
Utah	249	21	0	44	13	23
Vermont	99	36	0	45	2	44
Virginia	499	13	0	46	22	14
Washington	249	22	0	47	30	8
West Virginia	99	37	0	48	2	45
Wisconsin	128	23	3,124	11	12	25
Wyoming	19	48	0	49	1	48

Source: United States Census Bureau, County Business Patterns, April 2000.

Services Allied to Motion Picture Distribution (SIC 7829)						
State Totals 1997						
State	Number of Employees	Rank	Payroll (\$1,000)	Rank	Total Estabs	Rank
Arizona	19	11	0	10	1	21
California	253	1	10624	1	45	1
Colorado	9	28	273	8	3	11
Connecticut	19	12	0	11	1	22
Florida	99	5	0	12	9	3
Georgia	52	6	0	13	2	16
Idaho	0	30	0	14	0	30
Illinois	29	9	946	3	7	5
Indiana	19	13	0	15	1	23
Iowa	0	31	0	16	0	31
Kansas	19	14	0	17	1	24
Louisiana	19	15	0	18	1	25
Maryland	230	2	0	19	3	12
Massachusetts	50	7	0	20	8	4
Michigan	26	10	759	5	4	9
Minnesota	19	16	0	21	1	26
Missouri	19	17	0	22	3	13
Montana	19	18	0	23	2	17
Nebraska	19	19	0	24	1	27
Nevada	19	20	0	25	1	28
Hampshire	0	32	0	26	0	32
New Jersey	40	8	819	4	5	6
New Mexico	0	33	0	27	0	33
New York	211	4	6,742	2	24	2
North Carolina	4	29	45	9	3	14
Ohio	200	3	0	28	5	7
Oklahoma	0	34	0	29	0	34
Pennsylvania	19	21	0	30	5	8
South Carolina	0	35	0	31	0	35
Tennessee	19	22	0	32	1	29
Texas	10	27	462	7	3	15
Utah	19	23	0	33	2	18
Virginia	19	24	0	34	2	19
Washington	19	25	0	35	2	20
Wisconsin	17	26	642	6	4	10

Source: United States Census Bureau, County Business Patterns, April 2000.

Theatrical Producers (SIC 7922)						
State Totals 1997						
State	Number of Employees	Rank	Payroll (\$1,000)	Rank	Total Estabs	Rank
Alabama	434	36	7,264	31	52	30
Alaska	249	39	0	38	22	45
Arizona	887	27	14,508	26	92	23
Arkansas	231	45	3,861	35	30	42
California	22,770	2	979,516	1	1,661	1
Colorado	2,974	8	38,689	15	139	16
Connecticut	1,471	20	41,033	14	117	20
Delaware	499	32	0	39	20	47
District of Columbia	1,247	22	27,986	19	49	32
Florida	4677	4	91519	4	450	3
Georgia	2,499	12	0	40	166	14
Hawaii	1,007	24	17,819	25	57	29
Idaho	99	48	0	41	21	46
Illinois	4,704	3	86,512	5	312	5
Indiana	1,711	17	20,924	23	108	21
Iowa	553	31	4,542	33	45	35
Kansas	201	46	3,841	36	47	34
Kentucky	639	30	11,559	29	52	31
Louisiana	967	25	11,700	28	67	26
Maine	249	40	0	42	38	38
Maryland	1,491	19	29,665	18	102	22
Massachusetts	2,562	11	54,794	9	197	9
Michigan	1,958	15	36,314	16	180	11
Minnesota	3,783	7	46,751	13	180	12
Mississippi	99	49	0	43	19	48
Missouri	1,994	14	48,549	12	147	15
Montana	249	41	0	44	28	43
Nebraska	432	37	7,962	30	38	39
Nevada	723	28	24,270	21	79	25
New Hampshire	189	47	4,230	34	49	33
New Jersey	1,837	16	59,868	8	239	8
New Mexico	249	42	0	45	38	40
New York	25,142	1	860,050	2	1,456	2
North Carolina	954	26	21,626	22	136	17
North Dakota	249	43	0	46	14	50
Ohio	2,973	9	53,418	10	197	10
Oklahoma	483	35	6,826	32	64	27
Oregon	1,074	23	20,351	24	81	24
Pennsylvania	3,974	6	72,288	7	267	6
Rhode Island	499	33	0	47	32	41
South Carolina	706	29	13,402	27	62	28
South Dakota	99	50	0	48	18	49
Tennessee	2,769	10	76,171	6	244	7
Texas	4,359	5	103,584	3	347	4
Utah	499	34	0	49	45	36
Vermont	249	44	0	50	39	37
Virginia	1,608	18	36,051	17	133	18
Washington	2,419	13	49,021	11	168	13
West Virginia	256	38	2,115	37	23	44
Wisconsin	1,470	21	25,891	20	127	19
Wyoming	19	51	0	51	8	51

Source: United States Census Bureau, County Business Patterns, April 2000.

V. Conclusion

Missouri's greatest strength in the film industry is its incentives created to attract business. They are some of the best in the U.S., but more must be done to lure runaway productions away from Canada to Missouri. Missouri needs to build a better infrastructure for the film industry so that production companies will have the equipment and personnel available to them. Taking an approach like Canada did would be beneficial. In addition, Missouri needs to make Hollywood aware of the numerous things we do have to offer the film industry so that they will want to film here.

Appendix

Canadian Film Incentive Programs

Program:	Film or Video Production Services Tax Credit	Canadian Film or Video Production Tax Credit
Delivery Agency	Canadian Audio Visual Certification Office(CAVCO)	Canadian Audio Visual Certification Office(CAVCO)
Tax Credit Rates	11% of the Canadian labour expenditure	25% of eligible labour costs, capped at 48% of production costs
Effective Rates	5.5% if one assumes 50% of production budget is attributed to labour expenditures	12% of total eligible production costs
Bonus Features	None	None
Eligible Companies or Individuals	Canadian permanent establishments whose primary business is the production of film and videos in Canada. NOT available if production has received Canadian Film or Video Production Tax Credit.	Canadian owned & controlled companies, which are taxable in Canada and whose primary business is the production of Canadian films or videos.
Broadcaster/Cable Eligible	Broadcasting/cable subsidiaries are eligible	Broadcasting/cable subsidiaries are eligible
Project Criteria	Cost for a single production must exceed \$1 million. For a pilot or series consisting of 2 or more episodes, costs must exceed \$200,000 for running time/episode of more than 30 minutes and must exceed \$100,00 for running time/episode of less than 30 minutes.	Minimum 75% of production costs paid to Canadian individuals or companies. Minimum 75% of post-production done in Canada. Production company must own copyright for 25 years from completion. Must be exhibited or broadcast in Canada within 2 years of completion.
Certification	No CAVCO points required.	Must be certified by CAVCO and meet at least 6 of 10 CAVCO Canadian content points
Deductions from Total Eligible Expenses	Eligible labour reduced by the amount of any other funding being received that is tied to labour provincial tax credits, for example.	Total production costs reduced by government and private assistance, other than Canadian Television Fund licence fee program, costs also reduced by equity not owned by the production entity(s).
Program Cap	None	None
Project Cap	None	None
Corporate Cap	None	None
Financing Features	Credit is refundable	Credit is refundable
User Fees	\$5000. flat fee with a rebate allowable for productions whose aggregate tax credit is less than \$25,000.	Part A, Accreditation: \$200 Part B, Completion: 0.12% of eligible production costs. (48% of total costs)

Source: Bullock Entertainment Services

Manitoba Film Incentive Programs

Program:	Manitoba Film & Video Production Tax Credit
Delivery Agency	Manitoba Film and Sound Recording Development Corporation
Tax Credit Rates	35% of approved Manitoba labour expenditures to a maximum of 22.5% of total eligible production costs
Effective Rates	22.5% of total eligible production costs
Bonus Features	35% tax credit for salaries paid to non-residents who work in a department where at least 1 Manitoba resident is training, non-resident does not have to deliver the training. Departments are art, technical, production and post-production. Maximum credit is 10% of total eligible labour if 1 trainee; 20% if 2 trainees..
Eligible Companies or Individuals	Corporation must have a permanent establishment in Manitoba, and must have assets of less than \$50 million.
Broadcaster/Cable Eligibility	Broadcasting/cable companies are ineligible
Project Criteria	Minimum of 25% of salaries & wages must be paid in Manitoba to eligible employees.
Certification	No CAVCO or Manitoba content points required.
Deductions from Total Eligible Expenses	Total production costs reduced by government assistance other than the federal tax credits, Manitoba tax credit, government equity investment provided by the Canada Television Fund, Telefilm Canada Manitoba Film & Sound and the CTF Licence Fee Program.
Program Cap	None
Project Cap	None
Corporate Cap	None
Financing Features	Credit is refundable
User Fees	None

Source: Bullock Entertainment Services

British Columbia Film Incentive Programs

Program:	Film Incentive BC	Production Services Tax Credit
Delivery Agency	British Columbia Film	British Columbia Film
Tax Credit Rates	Basic incentive: 20% of eligible labour costs, to a maximum of 48% of total eligible production costs	11% of qualified BC labour expenditure
Effective Rates	9.6% of total eligible production costs (without regional or training bonuses)	5.5% if one assumes 50% of production budget is attributed to labour expenditures
Bonus Features	Regional incentive of 12.5% of eligible labour when 85% of photography outside Vancouver area. Training incentive totaling the lesser of 30% of trainee salaries or 3% of total eligible labour	None
Eligible Companies or Individuals	Basic Incentive: Canadian owned, BC controlled companies whose primary business is the production of film/TV and control of copyright, Regional and Training Incentives: Canadian controlled & no copyright control required.	Companies with a permanent establishment in British Columbia that primarily produces or provides production services in film or video.
Broadcaster/Cable Eligibility	Broadcasting/cable subsidiaries are eligible	Broadcasting/cable subsidiaries are eligible
Project Criteria	Minimum 75% of production and post-production costs must be paid in BC to BC residents. Minimum 75% of shooting days in BC, Distribution must be by Canadian broadcaster within 2 years of completion.	Cost for a single production must exceed \$1 million. For a pilot or series with 2 or more episodes, costs must exceed \$100,000 if episode is less than 30 minutes; or exceed \$200,000 if episode is more than 30 minutes.
Certification	Must meet at least 6 of 10 CAVCO Canadian content points.	No CAVCO points required
Deductions from Total Eligible Expenses	Total production costs reduced by deferrals and government and private assistance (other than federal tax credit and BC incentive).	Labour reduced by other assistance to extent that the assistance is received in respect of eligible labour.
Program Cap	None	None
Project Cap	None	None
Corporate Cap	None	None
Financing Features	Credit is refundable	Credit is refundable
User Fees	Eligibility: \$200 + GST, Completion: 0.05% of total production costs, minimum \$200	\$5000 + GST with a rebate allowable for productions whose aggregate tax credit is less than \$25,000.00

Source: Bullock Entertainment Services

New Brunswick Film Incentive Programs

Program:	Labour Incentive Tax Credit
Delivery Agency	New Brunswick Film/Film Nouveau-Brunswick
Tax Credit Rates	40% of eligible labour expenses per fiscal year for first application. 30% for subsequent applications during the same year or 35% if the subsequent project is larger than the first project (total production costs).
Effective Rates	15%, 17.5% or 20% of total eligible production costs, depending on the above
Bonus Features	Upon application, province may waive residency requirements for jobs where qualified NB residents could not be found.
Eligible Companies or Individuals	Principal business must be filmmaking. Must be permanently established in NB but need not be headquartered or majority owned by NB residents Must have less than \$25 million in assets.
Broadcaster/Cable Eligibility	Broadcast & cable companies are ineligible
Project Criteria	Minimum of 25% of labour costs paid to NB residents.
Certification	No CAVCO points required.
Deductions from Total Eligible Expenses	Total production costs reduced by assistance from NB provincial government agencies (not federal or other provinces).
Program Cap	None
Project Cap	\$1 million credit per project per fiscal year.
Corporate Cap	\$2 million credit per project per fiscal year.
Financing Features	Credit is refundable.
User Fees	None

Source: Bullock Entertainment Services

Newfoundland Film Incentive Programs

Program:	Film & Video Tax Credit
Delivery Agency	Newfoundland and Labrador Film Development Corporation
Tax Credit Rates	The lesser of 40% of eligible Newfoundland and Labrador labour expenditures or 25% of total production costs of an eligible project
Effective Rates	25% of total production costs of an eligible project
Bonus Features	40% training incentive. Residency requirement waived for workers who train at least one resident and wages of both will qualify for enhanced credit.
Eligible Companies or Individuals	Must be incorporated federally or provincially. Must have a permanent establishment in Newfoundland or Labrador. Must have total assets of less than \$25 million.
Broadcaster/Cable Eligibility	Broadcaster/cable companies are ineligible
Project Criteria	At least 25% of salaries and wages paid by the corporation with respect to an eligible project shall be paid in the province to eligible employees. Currently developing criteria to include personal service corporations and local vendor labour.
Certification	No CAVCO points required.
Deductions from Total Eligible Expenses	Total production costs reduced by government assistance (other than federal tax credits, Newfoundland tax credits, receivables under Canada TV & Cable Fund and recoupable government equity investments).
Program Cap	None
Project Cap	\$1 million/12 month period
Corporate Cap	\$2 million/12 month period
Financing Features	Credit is refundable
User Fees	None

Source: Bullock Entertainment Services

Nova Scotia Film Incentive Programs

Program:	Nova Scotia Film Industry Tax Credit
Delivery Agency	Nova Scotia Film Development Corporation
Tax Credit Rates	The lesser of 30% of eligible labour expenditures or 15% of production costs with no maximum
Effective Rates	15% of total eligible production costs, if regional incentive not calculated
Bonus Features	Regional incentive outside Metro Halifax: lesser of 35% of eligible labour costs and 17.5% of total production costs.
Eligible Companies or Individuals	Production companies must have a permanent NS establishment must have less than \$25 million in assets. Co-productions are eligible.
Broadcaster/Cable Eligibility	Broadcasting/cable companies are not eligible
Project Criteria	Minimum of 25% of labour costs paid to NS residents (including personal service corporations and other labour expenditures). Also qualifying are wages and salaries paid to Nova Scotians for work outside the province.
Certification	No CAVCO points required.
Deductions from Total Eligible Expenses	Total production costs reduced by government assistance (other than federal tax credits, NS tax credits and recoupable government equity investments).
Program Cap	None
Project Cap	None
Corporate Cap	None
Financing Features	Credit is refundable
User Fees	None

Source: Bullock Entertainment Services

Québec Film Incentive Programs

Program:	Québec Refundable Tax Credit for Film or TV Production Services	Refundable Tax Credit for Québec Film & TV Productions
Delivery Agency	Société de développement des Entreprises Culturelles(SODEC)	Société de développement des Entreprises Culturelles(SODEC)
Tax Credit Rates	11% of eligible Québec labour expenditures	33.33% of eligible labour costs, capped at 45% of total eligible production costs
Effective Rates	5.5% if one assumes 50% of production expenditures are for labour	15% of total eligible production costs
Bonus Features	20% supplementary rate for eligible computer animation and special effects labour expenditure	Bonus for French language films with higher Québec content: 45% of eligible labour to maximum of 45% of production costs. Bonus up to 45% for eligible computer animation and special effects. Bonus up to 55.5% of film produced outside Montréal region.
Eligible Companies or Individuals	Corporation with an establishment in Québec whose primary business is operating a film or TV production business or a film or TV production services business,	Independent Québec based production companies directly controlled by individuals domiciled in Québec for at least 2 years prior to principal photography.
Broadcaster/Cable Eligibility	Broadcast & cable subsidiaries are eligible	Broadcast & cable subsidiaries are ineligible, up to a maximum production volume of \$20M per year and partial reinvestment in French language Québec films (with an exception for productions which are mainly intended for commercial exploitation outside Canada).
Project Criteria	Production cost for a single production must exceed \$1 million. For a pilot or series consisting of 2 or more episodes (under 30 minutes), costs must exceed \$100,000. For running time per episode of more than 30 minutes; production costs must exceed \$200,000	Minimum 75% of production and post-production costs must be incurred in Québec. Mm. 75% of total prod. costs paid to Québec residents (aside from key Québec content staff, Québec post-production and financing costs). The 75% requirement will not apply to the 15/70 format productions, for expenses relating to production & post-production services not available in Quebec.
Certification	The corporation will require a certificate from SODEC stating that it is an eligible corporation (such certificate to be included with tax return).	Must be certified by SODEC and, for productions of more than 75 minutes in duration only, meet at least 6 of 10 Québec content points.
Deductions from Total Eligible Expenses	Labour reduced by other assistance to the extent that the assistance is received in respect of eligible labour	Total production costs reduced by deferrals and government and private assistance (other than assistance from prescribed sources including Telefilm, NFB, CTF and others).
Program Cap	None	None
Project Cap	None	\$2.5 million
Corporate Cap	None	None
Financing Features	Credit is refundable.	Refundable. Interim financing available from SODEC.
User Fees	\$3.00 per each \$1,000 of eligible labour expenditures up to \$1,500,000; \$1.50 per each \$1,000 of eligible labour expenditures over \$1,500,000. Minimum fee of \$350.	\$1.50 for every \$1,000 of production costs

Source: Bullock Entertainment Services

Saskatchewan Film Incentive Programs

Program:	Saskatchewan Film Employment Tax Credit
Delivery Agency	SaskFilm and Video Development Corporation
Tax Credit Rates	35% of eligible labour expenditures to a maximum of 50% of total eligible production costs.
Effective Rates	17.5% of total eligible production costs. 22.5% of total eligible costs if calculating Rural Bonus.
Bonus Features	Additional 5% of total Sask. production costs if production is located at least 40 km outside Regina or Saskatoon (all expenses, labour and non-labour, from pre-production to post-production). Additional 35% of wages of any non-resident who trains a Sask. resident (all job categories, above and below the line).
Eligible Companies or Individuals	Production companies must have a permanent SASK establishment.
Broadcaster/Cable Eligibility	Broadcast & cable companies are ineligible
Project Criteria	Minimum 25% of salaries & wages paid to Saskatchewan residents.
Certification	No CAVCO points required.
Deductions from Total Eligible Expenses	Total production costs reduced by government assistance other than Telefilm and CTF, National Film Board, CBC Funding or federal or provincial tax credits.
Program Cap	None
Project Cap	None
Corporate Cap	None
Financing Features	Credit is refundable
User Fees	None

Source: Bullock Entertainment Services

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